

*State of Louisiana*

Office of Risk Management  
Self Insurance Fund

Builder's Risk Declarations

Office of the Governor  
Division of Administration

<b>Named Insured And Address</b>	State of Louisiana, Various State Agencies, Their Contractors and Subcontractors A/T/I/M/A c/o Office of Risk Management Post Office Box 94095, Capitol Station Baton Rouge, Louisiana 70804-9095	<b>Policy No.:</b>	BR20042005			
		<b>Policy Period:</b>	12:01 A.M. Standard Time At Place Of Issuance			
			<b>From:</b>	July 1, 2004	<b>To:</b>	July 1, 2005

**Description Of Projects**

As per schedule maintained by the Office of Risk Management

**Coverage Provided**

All Risk Builder's Risk Coverage including Flood and Earthquake Coverage

Limit of Insurance

Any one building or structure:	Total Completed Value of Scheduled Project
Property in due course of transit:	\$200,000
Property stored off site:	\$200,000

**Coverage Territory**

The term "**Coverage Territory**" as shown in this policy or on forms attached thereto is amended to read/be defined as meaning "**Worldwide without restrictions**".

**Deductible**

Each claim for loss or damage shall be adjusted separately, and from the amount of each adjusted claim the sum shall be deducted as follows:

All covered causes of loss, except flood	\$1,000 deductible per occurrence
Flood cause of loss	\$5,000 deductible per occurrence

This deductible shall apply separately to each building or structure and separately to all personal property in the open, and property in due course of transit.

**Forms Applicable**

CP 00 20 06 95	CP 10 40 08 99	IL 00 17 11 85	Builder's Risk Special Policy Form
CP 00 09 07 88	CP 11 13 06 95		Policy Change 1
CP 10 30 06 95	CP 11 20 06 95		Policy Change 2

*Be it understood and agreed that wherever the word company or State is used in this form or any form attached thereto, the words State Of Louisiana Self Insurance Program Fund shall be substituted therefore. Be it further agreed that the words policy and certificate shall be synonymous.*

Effective Date: July 1, 2004

(Authorized Signature)

J. S. Thompson, Jr.  
State Risk Director

## BUILDERS RISK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G. - DEFINITIONS.

### A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

**Building under Construction**, meaning the building or structure described in the Declarations while in the course of construction, including:

- a. Foundations;
- b. The following property:
  - (1) Fixtures and machinery;
  - (2) Equipment used to service the building; and
  - (3) Your building materials and supplies used for construction;provided such property is intended to be permanently located in or on the building or structure described in the Declarations or within 100 feet of its premises;
- c. If not covered by other insurance, temporary structures built or assembled on site, including cribbing, scaffolding and construction forms.

#### 2. Property Not Covered

Covered Property does not include:

- a. Land (including land on which the property is located) or water;
- b. The following property when outside of buildings:
  - (1) Lawns, trees, shrubs or plants;

- (2) Radio or television antennas (including satellite dishes) and their lead-in wiring masts or towers; or
- (3) Signs (other than signs attached to buildings).

#### 3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

#### 4. Additional Coverages

##### a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
  - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus
  - (b) The deductible in this policy applicable to that loss or damage.But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.
- (3) This Additional Coverage does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or
  - (b) Remove, restore or replace polluted land or water.

**b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**5. Coverage Extensions**

**a. Building Materials and Supplies of Others**

- (1) You may extend the insurance provided by this Coverage Form to apply to building materials and supplies that are:
  - (a) Owned by others;
  - (b) In your care, custody or control;
  - (c) Located in or on the building described in the Declarations, or within 100 feet of its premises; and
  - (d) Intended to become a permanent part of the building.
- (2) The most we will pay for loss or damage under this Extension is \$5,000 at each described premises, unless a higher Limit of Insurance is specified in the Declarations. Our payment for loss of or damage to property of others will only be for the account of the owner of the property.

**b. Sod, Trees, Shrubs and Plants**

You may extend the insurance provided by this Coverage Form to apply to loss or damage to sod, trees, shrubs and plants outside of buildings on the described premises, if the loss or damage is caused by or results from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

**B. EXCLUSIONS AND LIMITATIONS**

See applicable Causes of Loss Form as shown in the Declarations.

### C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
  - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

### D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Additional Condition - Need For Adequate Insurance.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

#### Example No. 1:

(This example assumes there is no penalty for underinsurance)

Deductible:	\$ 1,000
Limit of Insurance - Bldg. 1:	\$60,000
Limit of Insurance - Bldg. 2:	\$80,000
Loss to Bldg. 1:	\$60,100
Loss to Bldg. 2:	\$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$61,000) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100	
- 1,000	
\$59,100	Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,100 + 80,000 = \$139,100

#### Example No. 2:

(This example, too, assumes there is no penalty for underinsurance.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1:	\$70,000	(exceeds Limit of insurance plus Deductible)
Loss to Bldg. 2:	\$90,000	(exceeds Limit of Insurance plus Deductible)
Loss Payable - Bldg. 1:	\$60,000	(Limit of insurance)
Loss Payable - Bldg. 2:	\$80,000	(Limit of Insurance)
Total amount of loss payable:	\$140,000	

## E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

### 3. Duties in the Event of Loss or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

#### 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### 6. Valuation

We will determine the value of Covered Property at actual cash value as of the time of loss or damage.

### F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

#### 1. Mortgage holders

- a. The term mortgage holder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g.** If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

## 2. Need for Adequate Insurance

We will not pay a greater share of any loss than the proportion that the Limit of Insurance bears to the value on the date of completion of the building described in the Declarations.

### Example No. 1 (Underinsurance):

When: The value of the building on the date of completion is	\$200,000
The Limit of Insurance for it is	\$100,000
The Deductible is	\$500
The amount of loss is	\$ 80,000

Step 1:  $\$100,000 \div \$200,000 = .50$

Step 2:  $\$ 80,000 \times .50 = \$40,000$

Step 3:  $\$ 40,000 - \$500 = \$39,500$

We will pay no more than \$39,500. The remaining \$40,500 is not covered.

### Example No. 2 (Adequate Insurance):

When: The value of the building on the date of completion is	\$200,000
The Limit of Insurance for it is	\$200,000
The Deductible is	\$1,000
The amount of loss is	\$ 80,000

The Limit of Insurance in this Example is adequate and therefore no penalty applies. We will pay no more than \$79,000 (\$80,000 amount of loss minus the deductible of \$1,000).

## 3. Restriction of Additional Coverage - Collapse

If the Additional Coverage - Collapse is included in the Causes of Loss Form applicable to this coverage form, paragraph 6. of that Additional Coverage does not apply to this coverage form.

## 4. When Coverage Ceases

The insurance provided by this Coverage Form will end when one of the following first occurs:

- a.** This policy expires or is cancelled;
- b.** The property is accepted by the purchaser;
- c.** Your interest in the property ceases;
- d.** You abandon the construction with no intention to complete it;
- e.** Unless we specify otherwise in writing:
  - (1)** 90 days after construction is complete; or
  - (2)** 60 days after any building described in the Declarations is:
    - (a)** Occupied in whole or in part; or
    - (b)** Put to its intended use.

## 5. Increase of Limit of Insurance for Additional Coverage Extension - Property in Transit

If insurance under this Coverage Form is subject to the provisions of the CAUSES OF LOSS - SPECIAL FORM, paragraph c. under the Property in Transit Additional Coverage Extension in that form is replaced by the following:

- c.** The most we will pay for loss or damage under this Extension is \$5,000.

## G. DEFINITIONS

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

## Builders' Risk Special Policy Form

Named Insured: State Of Louisiana, Various State Agencies, Their Contractors And Sub-Contractors, A/T/I/M/A (As Their Interest May Appear)

### I. Insuring Agreement and Exclusions

The aforementioned items shall be insured as reflected in the form attached hereto.

### II. Property Covered

- A. Materials, supplies, machinery, equipment and fixtures that will become permanently attached and made part of the building or structure, and temporary structures to be used in or incidental to the construction, fabrication, installation, erection or completion of buildings and other structures as described in the schedule.
- B. It is understood and agreed that this policy is extended to cover architects' and engineers' fees that may be necessary to provide plans and specifications and supervision of work for the repair and/or replacement of damaged property insured hereunder as a result of loss by perils insured against as specified in this policy, limited to an amount not to exceed ten percent (10%) of said loss, subject, however, to this company's amount of insurance as specified in this policy.

### III. Where and When Insured

Coverage attaches from the time the insured property becomes at the risk of the insured and covers continuously thereafter on premises or site of the construction, while awaiting and during construction or renovation, during testing, and while being transported worldwide, until the insured building or structure is fully completed, accepted by the purchaser, and the interest of the insured has ceased.

### IV. Deductible Clause

Each claim for loss or damage shall be adjusted separately, and from the amount of each adjusted claim the sum shall be shall be deducted as follows:

All covered causes of loss, except flood:  
\$1,000 deductible per occurrence

Flood cause of loss:  
\$5,000 deductible per occurrence

This deductible shall apply separately to each building or structure and separately to all personal property in the open, and property in due course of transit.

### V. Limits of Liability

- A. Total Completed Value of Scheduled Project with respect to any one building or structure.
- B. \$200,000.00 on property in due course of transit.
- C. \$200,000.00 on Property Stored Off Site.

### VI. Reports and Premiums

- A. The insured agrees to notify this company, in writing, to initially schedule all projects and to delete projects when completed or cancelled, and to pay premiums monthly as follows:

- 1. One-twelfth (1/12) of the applicable all risk builder's risk (including flood and earthquake) rates.

### B. Full reporting clause

The estimated completed value of each building or structure reported under this policy shall be a provisional amount of insurance, and upon completion of each building or structure the insured agrees to report the actual completed value to this company. In the event the actual completed value of the building or structure is less than the provisional amount of insurance, this company agrees to allow credit for overpayment of premium. However, in no event shall this company be liable for more than the actual completed value. In the event of loss or damage, this company shall only be liable for the most current estimated completed value of the project (including all change orders) of the building or structure involved. This clause shall apply separately to each building or structure insured under this policy.



- C. In order to compensate this company for the coverage of architects' fees, the insured agrees to the increased amount of the initial estimated completed value by 2.4% and pay premium on an amount equal to 102.4% of the initial estimated completed value(s).

In the application of the full reporting clause (Paragraph VI. B.) it is understood and agreed that the increased amount (2.4%) reported for architect fees will not be considered as part of the provisional amount nor will any penalties or diminution in the amount of any recovery, due to application of the full reporting clause, be applied to the amount of architect fees.

**D. Verification of Values**

This company of first duly appointed representative shall be permitted at all reasonable times during the term of this policy, or within a year after its expiration, to inspect the property covered hereunder and to examine the insured's books, records, and such policies as related to any property covered hereunder. This inspection or examination shall not waive or in any manner affect any of the terms or conditions of this policy.

- E. In consideration of the premiums charged and subject to all the provisions and stipulations otherwise applicable to this policy, it is agreed that the insured, as designated in the declarations is amended to include the following:

Contractors, sub-contractors or other entities as their interest may appear.

Coverage for the interest of other contractors, sub-contractors or other entities is automatic and does not require inclusion of name(s) of such entities nor will additional premium accrue thereon.

**VII. Conditions**

**A. Permits and Use**

Except as otherwise provided herein, permission is hereby granted in the event of loss hereunder, to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the insured shall keep an accurate record of such repair expenditures. The cost of any such repairs directly attributable to damage by any peril not otherwise excluded shall be included in determining the amount of loss hereunder. Nothing herein contained is intended to modify the policy requirements applicable in case loss occurs, the insured shall protect the property from further damage.

**B. Loss Cause**

Any loss hereunder shall not reduce the amount of the policy.

**C. Debris Removal**

It is a condition of this policy that this insurance covers expenses incurred in the removal of all debris of the property insured hereunder which may be occasioned by loss caused by any of the perils insured against in this policy. The total liability under this policy shall not exceed the actual limit of liability applying to the item of insurance involved in application of this clause. Cost of removal of debris shall not be considered in the determination of actual cash value when applying the provision of any limit of liability clause of this policy. If this policy insures two or more buildings or structures, the foregoing shall apply separately to each building or structure.

**D. Records**

It is understood and agreed that books and records will be kept by the insured in such manner that the exact amount of loss or damage can be accurately determined by this company. The books and records of the insured shall at all times during business hours be open to an authorized representative of this company for inspection.

**E. Sue and Labor**

In case of loss or damage it shall be lawful and necessary for the insured, his or their factors, servants and assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the property insured hereunder, or any part thereof without prejudice to this insurance; nor shall the acts of this insured or this company in recovering, saving and preserving the property insured in case of loss or damage, be considered a waiver or an acceptance of abandonment. To the charge whereof, this company will contribute according to the rate and quantity of the sum herein insured.

- F. Where in conflict, the provisions of this agreement which are more liberal than those of the builders' risk policy to which it is attached shall supersede the standard fire insurance policy.

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any, act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must *do* everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. INSPECTIONS AND SURVEYS

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

## CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. – Definitions

### A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations;

that follow.

### B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

#### c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

#### d. Nuclear Hazard

Nuclear reaction or radiation. or radioactive contamination, however caused.

But if nuclear reaction or radiation. or radioactive contamination, results in fire. we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in paragraph **8.4.a.(I)** applies to these coverages.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical current including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market;
- c. Smoke, vapor or gas from agricultural smudging or industrial operations;
- d.
  - (1) Wear and tear;
  - (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
  - (3) Smog;
  - (4) Settling, cracking, shrinking or expansion;
  - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
  - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision;
  - (7) The following causes of loss to personal property:
    - (a) Dampness or dryness of atmosphere;
    - (b) Changes in or extremes of temperature; or
    - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d. (1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or
  - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
  - (1) Acting alone or in collusion with others; or
  - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.
- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:
  - (1) Planning, zoning, development, surveying, siting;
  - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - (3) Materials used in repair, construction, renovation or remodeling; or
  - (4) Maintenance;

of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.
 

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.
- (2) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - b. The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (4) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
- (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (6) Any other consequential loss.

**b. Leasehold Interest Coverage Form**

- (1) Paragraph **8.1.a.** Ordinance or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

**c. Legal Liability Coverage Form**

- (1) The following Exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.**, Ordinance or Law;
  - (b) Paragraph **B.1.c.**, Governmental Action;
  - (c) Paragraph **B.1.d.**, Nuclear Hazard;
  - (d) Paragraph **B.1.e.**, Utility Services; and
  - (e) Paragraph **B.1.f.**, War and Military Action

- (2) The following additional exclusions apply to insurance under this Coverage Form:

**a. Contractual Liability**

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

**b. Nuclear Hazard**

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**C. LIMITATIONS**

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.



- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
  - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.  
However, this limitation does not apply to:
    - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
    - (2) Business income coverage or Extra Expense coverage.
  - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
  - f. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
  - g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.  
However, this limitation does not apply to:
- a. Loss or damage by the "specified causes of loss", except vandalism; or
  - b. Business Income coverage or Extra Expense coverage.
3. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
  - b. Animals, and then only if they are killed or their destruction is made necessary.
  - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass that is part of a building or structure;
    - (2) Containers of property held for sale; or
    - (3) Photographic or scientific instrument lenses.
  - d. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.  
However, this limitation does not apply:
    - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
    - (2) To Business Income coverage or to Extra Expense coverage.
4. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
- (a) \$2,500 for furs, fur garments and garments trimmed with fur.
  - (b) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
  - (c) \$2,500 for patterns, dies, molds and forms.

- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.4.**, does not apply to Business Income coverage or to Extra Expense coverage.

- 5. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
  - a. Results in discharge of any substance from an automatic fire protection system; or
  - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

#### **D. ADDITIONAL COVERAGE - COLLAPSE**

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in **D.1.** through **D.5.** below.

- 1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:
  - a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
  - b. Hidden decay;
  - c. Hidden insect or vermin damage;
  - d. Weight of people or personal property;
  - e. Weight of rain that collects on a roof;
  - f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **D.1.a.** through **D.1.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

- 2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if.

- a. The personal property which collapses is inside a building; and
- b. The collapse was caused by a cause of loss listed in **D.1.a.** through **D.1.f.** above.

- 3. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the collapse is caused by a cause of loss listed in **D.1.b.** through **D.1.f.**, we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and
- b. The property is Covered Property under this Coverage Form.

- 4. Collapse does not include settling, cracking shrinkage, bulging or expansion.
- 5. This Additional Coverage - Collapse. will not increase the Limits of Insurance provided in this Coverage Part.

#### **E. ADDITIONAL COVERAGE EXTENSIONS**

- 1. **Property In Transit.** This Extension applies only to your personal property to which this form applies.
  - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

- b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- c. The most we will pay for loss or damage under this Extension is \$1000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. **Water Damage, Other Liquids, Powder or Molten Material Damage.** If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

## F. DEFINITIONS

"Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm; or hail; smoke; aircraft; or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
  - a. The cost of filling sinkholes; or
  - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
  - a. Personal property in the open; or
  - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

**POLICY CHANGE NUMBER: 1**

(This endorsement changes the policy. Please read carefully)

**Coverage Parts Affected:**

This endorsement modifies insurance provided under form CP 10 30 06 95 - Causes of Loss - Special Forms

**AMENDMENTS/CHANGES**

**A. Deletions**

1. Page 5 of 7, Item C (Limitations)  
Section "d" is hereby deleted in its entirety.

(2) Basements, whether paved or not; or

(3) Doors, windows, or other openings.

**B. Additions**

It is agreed that the following coverage is provided.

**1. Broad Water Damage and Flood**

We will pay for loss caused by:

- a) Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- b) Mudslide or mudflow;
- c) Water that backs up from a sewer or drain; or
- d) Water under the ground surface pressing on, or flowing or seeping through:
  - (1) Foundations, walls, floors, or paved surfaces;

All losses covered under item "a" through "d" above that occur within any 72-hour period will constitute a single loss. The expiration of this policy will not reduce the 72-hour period.

**2. Theft**

We will pay for loss caused by:

Theft of any property which at the time of loss is installed/attached or intended to be installed/attached to and made a part of a building or structure insured hereunder (except direct loss by pillage and looting occurred during and at the immediate place of a riot or civil commotion).

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY**

## **EARTHQUAKE AND VOLCANIC ERUPTION**

### **ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.

**B.** This endorsement applies to the Covered Property and Coverages for which an Earthquake—Volcanic Eruption Limit of Insurance is shown in the Declarations.

**C. Additional Covered Causes Of Loss**

**1.** The following are added to the Covered Causes Of Loss:

- a.** Earthquake.
- b.** Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

**2.** If the Declarations indicate that this endorsement covers Earthquake—Sprinkler Leakage Only, then the Covered Causes of Loss in Paragraph **C.1.** of this endorsement do not apply, and the following apply instead:

- a.** Sprinkler Leakage resulting from Earthquake.
- b.** Sprinkler Leakage resulting from Volcanic Eruption. Volcanic Eruption means the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

**D. Exclusions, Limitations And Related Provisions**

- 1.** The Exclusions and Limitation(s) sections of the Causes Of Loss Form (and the Exclusions section of the Mortgage holders Errors And Omissions Coverage Form and the Standard Property Policy) apply to coverage provided under this endorsement, except as provided in **D.2.** and **D.3.** below.
- 2.** To the extent that the Earth Movement Exclusion might conflict with coverage provided under this endorsement, the Earth Movement Exclusion does not apply.
- 3.** The exclusion of collapse, in the Causes Of Loss—Special Form and Mortgage holders Errors And Omissions Coverage Form, does not apply to collapse caused by Earthquake or Volcanic Eruption.
- 4.** The Additional Coverage—Collapse, in the Causes Of Loss—Broad Form, Causes Of Loss—Special Form and Mortgage holders Errors And Omissions Coverage Form, does not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.
- 5.** We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
- 6.** We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- 7.** The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.

8. We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying the Property Damage Deductible applicable to this endorsement.

This limitation, **D.8.**, does not apply if:

- a. The Declarations indicate that the "Including Masonry Veneer" option applies or the premises description in the Declarations specifically states "Including Masonry Veneer"; or
  - b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).
9. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.

#### **E. Property Damage Deductible**

1. The provisions of Section **E.2.** of this endorsement are applicable to all Coverage Forms except:
  - a. Business Income (And Extra Expense) Coverage Form;
  - b. Business Income (Without Extra Expense) Coverage Form;
  - c. Extra Expense Coverage Form.
2. The Deductible, if any, in this Coverage Part is replaced by the following with respect to Earthquake and Volcanic Eruption:
  - a. **All Policies**
    - (1) The Deductible provisions apply to each Earthquake or Volcanic Eruption.
    - (2) Separate Deductibles are calculated for, and apply to, each building, personal property at each building and personal property in the open. Deductibles are separately calculated and applied even if:
      - (a) Two or more buildings sustain loss or damage;
      - (b) Personal property at two or more buildings sustains loss or damage; and/or
      - (c) A building and the personal property in that building sustain loss or damage.

- (3) We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition—Need for Adequate Insurance or Additional Condition—Need for Full Reports.

- (4) When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Declarations for any described premises.

- (5) If there is loss or damage caused by Earthquake or Volcanic Eruption, and loss or damage caused by a Cause of Loss (e.g., fire) that is covered by means of an exception to the Earth Movement Exclusion, then the only applicable Deductible provisions are those stated in this endorsement.

#### **b. Calculation Of The Deductible—Specific Insurance Other Than Builders Risk**

##### **(1) Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the Limit of Insurance applicable to the property that has sustained loss or damage.

##### **(2) Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is the latest value shown in the most recent Report of Values on file with us.

However:

(a) If the most recent Report of Values shows less than the full value of the property on the report dates, we will determine the deductible amount as a percentage of the full value as of the report dates.

(b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit of Insurance.

**c. Calculation Of The Deductible—Blanket Insurance Other Than Builders Risk**

**(1) Property Not Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is that shown in the most recent Statement of Values on file with us.

**(2) Property Subject To Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the value of that property as of the time of loss or damage.

**d. Calculation Of The Deductible—Builders Risk Insurance**

**(1) Builders Risk Other Than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the actual cash value of that property as of the time of loss or damage.

**(2) Builders Risk Reporting Form**

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage (as shown in the Declarations, concerning the Earthquake—Volcanic Eruption Deductible) of the value of the property that has sustained loss or damage. The value to be used is the actual cash value shown in the most recent Report of Values on file with us.

However:

(a) If the most recent Report of Values shows less than the actual cash value of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value as of the report date.

(b) If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value of the property as of the time of loss or damage.

**F. Examples—Application Of Deductible In E.2.:**

**EXAMPLE #1—SPECIFIC INSURANCE (E.2.b.(1))**

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 5%.

Step (1):	\$70,000	+	\$80,000	=	.875
Step (2):	\$60,000	X	.875	=	\$52,500
Step (3):	\$70,000	X	5%	=	\$3,500
Step (4):	\$52,500 – \$3,500 = \$49,000				

The most we will pay is \$49,000. The remainder of the loss, \$11,000, is not covered due to the Coinsurance penalty for inadequate insurance (steps (1) and (2)) and the application of the Deductible (steps (3) and (4)).

#### EXAMPLE #2—SPECIFIC INSURANCE (E.2.b.(1))

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).

The value of the damaged building at time of loss is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.

The **actual** Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty). The Deductible is 10%.

##### Building

Step (1): \$80,000 X 10% = \$8,000  
Step (2): \$60,000 – \$8,000 = \$52,000

##### Business Personal Property

Step (1): \$64,000 X 10% = \$6,400  
Step (2): \$40,000 – \$6,400 = \$33,600

The most we will pay is \$85,600. That portion of the total loss not covered due to application of the Deductible is \$14,400.

#### EXAMPLE #3—BLANKET INSURANCE (E.2.c.(1))

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$60,000 (Building #2).

The Deductible is 5%.

##### Building #1

Step (1): \$500,000 X 5% = \$25,000  
Step (2): \$40,000 – \$25,000 = \$15,000

##### Building #2

Step (1): \$500,000 X 5% = \$25,000  
Step (2): \$60,000 – \$25,000 = \$35,000

The most we will pay is \$50,000. That portion of the total loss not covered due to application of the Deductible is \$50,000.

#### EXAMPLE #4—BLANKET INSURANCE (E.2.c.(1))

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$250,000) and Business Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Business Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Business Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Business Personal Property).

The Deductible is 10%.

##### Building

Step (1): \$500,000 X 10% = \$50,000  
Step (2): \$95,000 – \$50,000 = \$45,000

##### Business Personal Property

Step (1): \$250,000 X 10% = \$25,000  
The loss, \$5,000, does not exceed the deductible.

The most we will pay is \$45,000. The remainder of the building loss, \$50,000, is not covered due to application of the Deductible. There is no loss payment for the business personal property.

#### G. Business Income And Extra Expense Period Of Restoration

This Section G., is applicable only to the Coverage Forms specified below:

1. Business Income (And Extra Expense) Coverage Form;
2. Business Income (Without Extra Expense) Coverage Form;
3. Extra Expense Coverage Form.

The "period of restoration" definition stated in the Coverage Form, or in any endorsement amending the beginning of the "period of restoration", applies to each Earthquake or Volcanic Eruption. A single Earthquake or Volcanic Eruption is defined in Section C. of this endorsement.



POLICY NUMBER:

COMMERCIAL PROPERTY

CP 11 13 06 95

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## BUILDERS RISK RENOVATIONS

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM  
BUILDERS' RISK CHANGES - STANDARD PROPERTY POLICY

Prem. No.	Bldg. No.	SCHEDULE	Loss Payee
AS REPORTED			
<b>A.</b> When this endorsement is attached to the BUILDERS' RISK CHANGES - STANDARD PROPERTY POLICY <b>CP 11 99</b> the term Coverage Part in this endorsement is replaced by the term Policy.		<b>2.</b> If not covered by other insurance, temporary structures built or assembled on site, including cribbing, scaffolding and construction forms.	
<b>B.</b> COVERED PROPERTY is replaced by the following:  <b>COVERED PROPERTY</b>  Covered Property, as used in this Coverage Part, means the following type of property for which a Limit of Insurance is shown in the Declarations:  <b>Renovations Under Construction</b> , meaning the value of improvements, alterations or repairs to buildings or structures under renovation including:  <b>1.</b> The following property:  <b>a.</b> Fixtures and Machinery;  <b>b.</b> Equipment used to service the building; and  <b>c.</b> Your building materials and supplies used for construction;  provided such property is intended to be permanently located in or on the building or structure described in the Declarations or within 100 feet of its premises.		<b>C.</b> The following is added to PROPERTY NOT COVERED:  Covered Property does not include the value of buildings or structures existing prior to construction of the improvements, alterations or repairs.  <b>D.</b> In the application of the NEED FOR ADEQUATE INSURANCE Additional Condition, the value of the building or structure will include only the improvements, alterations or repairs at the described premises.  <b>E.</b> Subparagraph <b>e.</b> of the WHEN COVERAGE CEASES Additional Condition does not apply.  <b>F.</b> Loss Payable Clause  For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:  <b>1.</b> Adjust losses with you; and  Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.	

**(This endorsement changes the policy. Please read carefully)**

Coverage Parts Affected:

Form No. CP 11 13 06 95 – Builders Risk Renovations

AMENDMENTS/CHANGES

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Item B.1. is hereby amended to read as follows:

**1. The following property:**

- a) Fixtures and Machinery;**
- b) Equipment used to service the building; and**
- c) Your building materials and supplies used for construction;**

**provided such property is intended to be permanently located in, on, or made part of the building or structure described in the Declarations.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **BUILDERS RISK - COLLAPSE DURING CONSTRUCTION**

This endorsement modifies insurance provided under the following:

**BUILDERS' RISK COVERAGE FORM**

**A.** The RESTRICTION OF ADDITIONAL COVERAGE - COLLAPSE Additional Condition does not apply.

**B. ADDITIONAL COVERAGE -COLLAPSE**

Paragraph **C.1.a.(6)** in the Causes of Loss - Broad Form and paragraph **D.1.f.** in the Causes of Loss - Special Form are replaced by the following:

Use of defective material or methods, or faulty design, plans, specifications or workmanship, in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

**ALL PURPOSE ENDORSEMENT****Endorsement A****TERRORISM EXCLUSION**

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**A)** Any other provision of this policy notwithstanding, this insurance does not cover loss, damage, injury, expense, cost, or legal obligation directly or indirectly resulting from or arising out of or in any way related to any:

1. "Act of Terrorism"; or
2. Actions taken by or on behalf of any government or any branch or division thereof ( including, without limitation, the uniformed armed forces, militia, police, state security, and anti- terrorism agencies) in responding to, preventing, combating, defending or retaliating against any "Act of Terrorism."

This exclusion applies regardless of any other cause or event that in any way contributes concurrently or in sequence to the loss, injury, damage, expense, cost, or legal obligation.

This exclusion applies whether or not the "Act of Terrorism" was committed in concert with or on behalf of any organization or government.

**B)** As used in this endorsement:

"Act of Terrorism" means an activity that:

1. Involves any violent act or any act dangerous to human life, tangible or intangible property, and that causes damage to property or injury to persons or causes a threat thereof; and

2. Appears to be intended, in whole or

3. in part, to:

- a) Intimidate or coerce a civilian population; or
- b) Disrupt any segment of a nation's economy; or
- c) Influence the policy of a government by intimidation or coercion; or
- d) Affect the conduct of a government by mass destruction, assassination, kidnapping or hostage- taking; or
- e) Respond to governmental action or policy.

"Act of Terrorism" shall also include any incident determined to be such by an official, department or agency that has been specifically authorized by federal statute to make such a determination.

**BASIC PROCEDURES FOR PROPERTY DAMAGE CLAIMS**

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1. The State of Louisiana provides insurance coverage for damage to state-owned property under construction subject to exclusions and limitations of this policy.
2. All claims for damage to property under construction are to be reported to the Office of Risk Management's Property Claims Unit in writing. If a loss or claim is serious in nature it is to be reported by telephone to the Office of Risk Management's Property Claims Unit.
3. Claims are to be submitted in writing to the Office of Risk Management, Post Office Box 91106, Baton Rouge, LA 70821-9106.
4. Information required to be submitted when a claim is reported to the Office of Risk Management's Property Claims Unit includes the following:
  - A. Name of insured state agency, name of contractor, location of property,
  - B. Project number;
  - C. Date of loss;
  - D. Type and description of loss, approximate extent of damage;
  - E. Size, model and serial number of damaged item(s), if applicable;
  - F. Name of person reporting claim, listing job title and telephone number; and
  - G. Copies of contractual documents, if applicable.
5. After a loss has occurred, all property which has been damaged is to be protected against further damage and is to be made available for inspection by a claims adjuster assigned by the Office of Risk Management.
6. If a loss occurs or a claim arises the agency is not to assume any obligation or incur any expenses without authority from the Office of Risk Management.
7. Failure to follow these procedures shall not obviate coverage otherwise provided by this policy.

## AMENDMENTS/CHANGES

1. Form **CP 00 20 06 95 – Builders Risk Coverage Form, Page 1 of 6, Item A. Coverage, 1. Covered Property, Item b.** is hereby amended to read as follows:

1. The following property:

- a) Fixtures and Machinery;
- b) Equipment used to service the building; and
- c) Your building materials and supplies used for construction;

provided such property is intended to be permanently located in, on, or made part of the building or structure described in the Declarations.

Contractor's equipment, tools, machinery, and property of similar nature not designated to be a permanent part of the building or structure at the project site are NOT covered property.

2. Form **CP 00 20 06 95 – Builders Risk Coverage Form, Page 1 of 6, Item A. Coverage, 2. Property Not Covered** is hereby amended to include the following:

- C.** Contractor's equipment, tools, machinery, and property of similar nature not designated to be a permanent part of the building or structure at the project site.

3. The **Builder's Risk Special Policy Form, Page 1 of 2, II. Property Covered, A.** is amended to include the following:

Contractor's equipment, tools, machinery, and property of similar nature not designated to be a permanent part of the building or structure at the project site are NOT covered property.

4. **Policy Change Number 2** is hereby amended to read as follows:

Form No. **CP 11 13 06 95 – Builders Risk Renovations, Item B.1.** is hereby amended to read as follows:

1. The following property:

- a) Fixtures and Machinery;
- b) Equipment used to service the building; and
- c) Your building materials and supplies used for construction;

provided such property is intended to be permanently located in, on, or made part of the building or structure described in the Declarations.

Contractor's equipment, tools, machinery, and property of similar nature not designated to be a permanent part of the building or structure at the project site are NOT covered property.

**All other terms and conditions of this policy remain unchanged.**

Effective July 1, 2004

Tommy Arbour  
Authorized Signature